



***United States Attorney
District of New Jersey***

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**NEWARK POLICE OFFICER AND BANK EMPLOYEE ARRESTED, CHARGED
WITH CONSPIRING TO COMMIT BANK FRAUD FOR \$1.9 MILLION LOAN**

NEWARK, N.J. – A Newark police officer and a Spencer Savings Bank employee were arrested this morning for allegedly conspiring to commit bank fraud in order to secure a \$1.9 million commercial real estate loan, United States Attorney Paul J. Fishman announced.

Victor Patela, 35, and Jose Dominguez, a/k/a Joseph Dominguez, 44, both of Newark, are each charged by Complaint with one count of conspiracy to commit bank fraud. The defendants allegedly defrauded Spencer Savings Bank in Elmwood Park, N.J., for the purpose of securing the loan.

Patela and Dominguez were arrested this morning in Newark by FBI agents and are expected to appear before United States Magistrate Judge Michael A. Shipp this afternoon in Newark federal court.

According to the criminal Complaint:

Patela, a Newark police officer and member and owner of JVI Realty, LLC ("JVT"), applied for a \$1.9 million commercial real estate mortgage loan on behalf of JVI with Spencer Savings Bank, SLA, in an application dated September 14, 2003. Dominguez was an employee of Spencer Savings and served as the loan officer for JVI Realty's commercial loan.

The bank documented that Patela requested a commercial loan in the amount of \$1,920,000 – for the purpose of purchasing apartment buildings owned by Santander Realty Group in Elizabeth, N.J. – for \$2.4 million. Spencer Savings also provided that the loan amount constituted 80 percent of the purchase price and that Patela would need to provide the bank with sufficient evidence of the source of funds for the remaining \$480,000. Dominguez recommended approval of the loan.

As part of the loan documents, Spencer Savings received a Contract for Sale of Real Estate as evidence of the source of funds. The real estate contract was fraudulent; Patela did not own the relevant, Newark property in October 2004 at the time that the contract purported it was sold. Review of the deed for the property revealed that Patela had sold the property more than a year earlier.

The Mortgage & Security Agreement JVI entered into with Spencer Savings prohibited Patela from encumbering or mortgaging the Elizabeth apartment buildings without the bank's

written consent. However, JVI Realty, through Patela and Dominguez, subsequently secured a second mortgage on the Elizabeth apartment buildings – both defendants signing the second mortgage and mortgage note as corporate officers of JVI. Dominguez never disclosed his relationship with JVI Realty and Patela to Spencer Savings while serving as the loan officer for any of the related transactions.

Patela made his last payment on the \$1,920,000 mortgage with Spencer Savings in November 2008, before causing JVI Realty to default on the loan. In February 2010, Patela turned over the deed to the Elizabeth apartment buildings to Spencer Savings in lieu of foreclosure. After Spencer Savings sold the Elizabeth buildings, the bank's loss amount totaled over \$400,000.

In March 2009, Patela caused JVI Realty to file for bankruptcy in federal court. As part of the bankruptcy filing, Patela represented that he took out a second mortgage on the Elizabeth Properties in November 2004 in the amount of approximately \$300,000.

The bank fraud conspiracy charge carries a maximum potential penalty of 30 years in prison and a maximum fine of \$1 million.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent In Charge Michael B. Ward in Newark, with the investigation leading to the charges and today's arrests.

The government is represented by Assistant U.S. Attorney Zahid N. Quraishi, of the U.S. Attorney's Office Special Prosecutions Division in Newark.

The charges and allegations in the Complaint are merely accusations, and the defendants are considered innocent unless and until proven guilty.

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Defense counsel:

Patela: Henry E. Klingeman Esq.; Anna G. Cominsky, Esq., Newark

Dominguez: Anthony J. Pope, Esq., Newark